S&MM
SALES & MARKETING MANAGEMENT

Inside Out

A case of nerves. Profit margins decline in the computer service business. Page 8.

Compensation. The mean starting salary for sales and marketing MBAs from Wharton last year was $25,142, up 19.3%. Page 8.

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Zap. S&MM predicts that the next consumer electronics boom will be in stun guns and bomb sniffers. Page 16.

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Sales force management. Richard W. Frisch, marketing v.p. for McCormick & Co., tells how his salespeople help shape strategy. Page 75.

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Buy by the mile, sell by the foot

The leading distributor of electrical wire and cable in the U.S., Anixter Bros. has built a $335-million business by buying in volume and providing quick service to customers. Above, president Alan Anixter (*l.*) and his brother William, executive v.p., pose before two of the more than 6,000 products they handle. Page 30.

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Co-op with class

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Marketers are waiting for the upturn

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LAUNCHING A NEW INDUSTRIAL PRODUCT

Advice from an expert: Never fly blind

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What's coming up

1980 Survey of Buying Power. S&MM's annual survey of population change, retail sales, and household income furnishes the statistics needed to tap consumer markets. July 28.

Industrial marketing. Amweld Building Products Div. of American Welding & Manufacturing is selling more steel doors now that its salespeople are marketing-oriented. Aug. 18.

An S&MM Special Section: Recruiting and Hiring. Finding the right people for your sales force is more critical than ever. Case histories show how some leading companies do it. Plus the results of an exclusive S&MM survey. Aug. 18.

Ocean Spray's challenge. The Sun Belt is the latest market to clamor for the tasty products Ocean Spray creates from cranberries. Aug. 18.

An S&MM Special Section: Sales Incentives. To get the most out of merchandise, travel, and cash, you've got to consider the total compensation package. A panel of sales executives tells how. Sept. 15.

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ABP BPA ABC

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with a given product." Added Phillips, "It's very important to understand that full development [of the opportunities] will take patience, perseverance, persistence, preparedness, and a cast iron stomach," the latter a reference to required toasts with Chinese liquor that some say make you "feel single and see double."

Other advice about entering and developing the PRC market was offered by Jane Sharp, marketing services manager, *American Industrial Report* magazine, Herbert Hayde, manager, Asia/Eastern European/Middle Eastern region, Burroughs, and Mark Mucher, China relations supervisor, Terex Div., General Motors. Among their tips:

- Investigate thoroughly any translation or consulting firms that claim to specialize in the China market
- Try to develop personal relationships with the Chinese
- Never cut prices
- Carefully research the market before you make your move. S&MM

MARKET RESEARCH

The rise of two-paycheck couples

The importance of the two-paycheck couple in the consumer economy is underscored in a new statistical series from the Bureau of Labor Statistics (BLS) that will provide quarterly reports on weekly earnings by family types. Previously, such information was available only on an annual basis.

In the first quarter of 1980, an S&MM analysis of the new series shows, families where both the husband and the wife held jobs accounted for 53% of the buying power of families with wage and salary workers even though dual units represented only 39% of such families. Since the first quarter of 1979, dual paycheck couples increased by 1.2% and their aggregate earnings rose 10.5% vs. a 0.3% increment of total families with earners and an 8.0% income boost.

Weekly earnings of married-couple families rose 8.1% between the two first quarter periods while those of families maintained by women improved 11.5%, those of families maintained by men by 4.4%. However, weekly median earnings of female-headed families, at $220, seriously trailed those of married couple families, $428, and male-headed families, $350.

Obviously, as the recession unfolds, a key barometer that marketers should watch is the unemployment rate of husbands and wives. In 1980's opening quarter, 4.0% of husbands were jobless (up from 3.2% in the comparative 1979 period), as were 5.3% of the wives (no change from the 1979 period).

The new BLS data come from the Census Bureau's Current Population Survey, which queries 68,000 households monthly on a variety of topics. While the earnings data will be gathered monthly, BLS will report it on a quarterly basis, a spokesman says, "until we gain experience with seasonal adjustments and such." S&MM

Buying power by family type with wage earners

Family Type	Number (000)	Weekly Median Earnings 1980 1Q	1979 1Q–1980 1Q	% of Total Family Earnings 1980 1Q	1979 1Q
Families with earners	40,510	$395	+ 8.3%	100.0%	100.0%
Married couples	33,278	428	8.1	88.8	89.6
One-earner	14,470	306	6.0	27.6	28.8
2+ earners	18,808	524	9.8	61.4	60.2
Husband & wife	16,059	529	10.5	53.0	51.2
Husband & other	2,247	531	7.3	7.4	8.0
Wife & other	396	329	1.2	0.8	0.8
Female-headed	5,658	220	11.5	7.8	7.2
One earner	4,024	183	11.0	4.6	4.2
2+ earners	1,635	368	16.0	3.8	3.3
Male-headed	1,573	350	4.4	3.4	3.3
One earner	945	283	9.4	1.7	1.6
2+ earners	628	495	9.8	1.9	1.6

Note: Details may not add to totals due to rounding.
Source: Bureau of Labor Statistics, *Earnings of Workers and Their Families: First Quarter 1980; USDL 80-352.*
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SALES TRAINING

Be cool

Biofeedback—a process allowing a person to control such functions as blood flow, heart rate, and body temperature just as he controls the movement of an arm or leg—is now an accepted medical belief. At Adria/Waranteed Laboratories, a Columbus, OH, pharmaceutical company, it is also a tried-and-proven way to reduce the stresses connected with

making a sales call, especially for new salespeople.

The idea came to Adria/Waranteed's sales training manager, Winston W. Hill, after he had read accounts of how biofeedback works and its benefits. With the help of two psychologists at Ohio State Univ., he has twice conducted biofeedback sessions. In the most recent one, last month, ten new salespeople were literally "wired" to electronic monitoring devices and taught how to reduce, through relaxation, heart and muscle tensions by heeding the machines' beeps that told when tensions were too high. "Our goal," Hill says, "wasn't to mask the realities of stress but simply to teach people to block out potentially destructive tension."

The salespeople later were asked to submit written evaluations of what they had been taught. Most, Hill says, believe that biofeedback helps them to better organize themselves before making a call and keeps them relaxed during it. For Hill, who will soon leave Adria/Waranteed to resume a career as a minister, another benefit was that "so many salespeople said that biofeedback gave them a new perspective on life in general." S&MM

SELLING AND THE LAW

Companies—they get no respect

In 1964, the U.S. Supreme Court decreed that public figures can't win libel suits against the news media unless they prove "reckless disregard" for the truth. But for years another question went begging:

S&MM BAROMETER

Waiting for the upturn

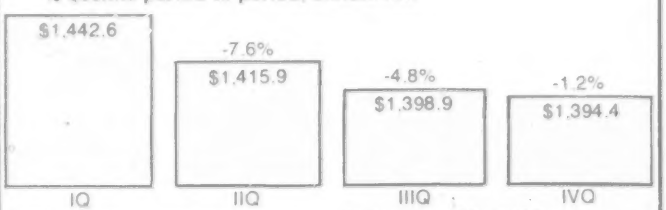
A consensus of leading econometricians polled by S&MM shows that the real gross national product (GNP, 1972$) will tumble 3.3% between the first and fourth quarters of 1980. Some 40 forecasters surveyed by Bob Eggert's *Blue Chip* newsletter see the GNP sliding 7.0% in the 2nd quarter, 4.4% in the 3rd quarter, and 1.2% in the 4th quarter (annual rates).

Chase Econometrics chairman Lawrence Chimerine looks for a mild downturn, reasoning that this recession's fast start has no correlation to "its ultimate magnitude." Agreeing, Mike Evans, head of Evans Economics, says that "the telescoping of time means that decisions which used to take months are now made in weeks."

A more serious recession is expected by Allan MacKinnon, Merrill Lynch Economics executive vice president, who insists "a lot of excesses have to be corrected." Meanwhile Argus Research chief economist Jeffrey Nichols fears that April's record 4.8% drop in the Commerce Dept.'s leading indicators series suggests that "the worst is yet to come."

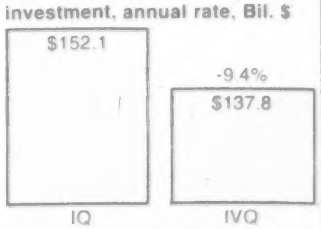
Good news: There's almost universal agreement among those polled that a tax cut will go into effect around Jan. 1 (possibly even earlier) totaling $25–$30 billion, split 60% for consumers, 40% for business.

Real GNP by quarters, annual rate, Bil. $
% decline period-to-period, annual rate



Real personal consumption expenditures, annual rate, Bil. $

Real nonresidential fixed investment, annual rate, Bil. $



Source: Consensus forecast of Argus Research, Chase Econometrics, Data Resources, Evans Economics, Goldman Sachs, Merrill Lynch Economics, A. Gary Shilling Co., and Wharton Econometric Forecasting Associates.

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S&MM MARKETGRAPH

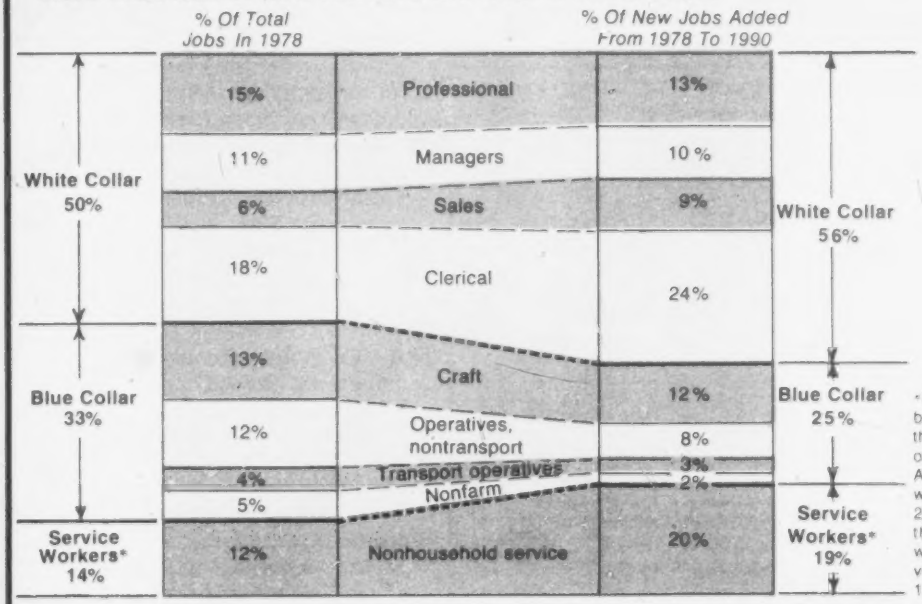
Tomorrow's work force: Brains over brawn

Although the total work force will grow more slowly in the 1980s, striking changes will occur in the job mix. Nonhousehold service workers will post the fastest growth rate, up 35%. The next-fastest-growing occupations will be clerical workers, up 28%, and sales workers, who will also increase 28%. What are some implications of these job-growth trends for marketers? All three of the fastest-growing occupations earn below-average income today, but will probably see their salaries rise at an above-average pace. However, three of today's best-paying job types—professionals, craft workers, and managers—will experience either average or sub-par job growth.

Occupational growth in the 1980s

Occupation	% Change 1978–90	Employment 1978 (000)	Employment 1990 (000)
TOTAL	+20.8%	94,373	114,000
White collar	+23.6%	47,206	58,400
Professional, technical	+18.3%	14,245	16,900
Managers, nonfarm	+20.8%	10,105	12,200
Sales	+27.7%	5,951	7,600
Clerical	+28.4%	16,904	21,700
Blue collar	+16.1%	31,531	36,600
Craft	+20.0%	12,386	14,900
Operatives, nontransport	+15.0%	10,875	12,500
Transport operatives	+16.2%	3,541	4,100
Nonfarm laborers	+8.1%	4,729	5,100
Service workers	+29.9%	12,839	16,700
Household	−23.2%	1,162	900
Other	+35.2%	11,677	15,800
Farm workers	−15.9%	2,796	2,400

More than half of new workers will wear a white collar



*Private household workers, not broken out here, represented 2% of the jobholders in 1978, and are part of the service workers' 14% share. Also, because private household workers are expected to decrease 23% in the 1980s, in comparison to the 20% gain by nonhousehold workers, they'll pull the overall service category share down to 19% in 1990.

Sources: S&MM calculations; Bureau of Labor Statistics, *Occupational Projections and Training Data: Revised 1980*; Census Bureau, *Money Income and Poverty Status of Families and Persons: 1978*, Series P-60, No. 120.

* Sales & Marketing Management.

Co-op with class

As manufacturers pump more promotional dollars than ever into cooperative advertising, retailers are devising better ways to spend them. A prime factor in strengthening this alliance: efforts by some manufacturers to simplify their co-op plans and improve their materials.

Co-op with class

To manufacturers and retailers, cooperative advertising means big bucks but little bliss. An exclusive S&MM survey shows how they profit from all the hassle.

Marrying for money [what else?]

By MARTIN EVERETT
Managing Editor

So persistent is the movement toward cooperative advertising—and so diverse—that even those in the business sometimes lose track of how vast the medium is and the extent to which it is winning converts among top management. Its grass-roots nature makes co-op difficult to measure, of course, but there is no doubt that this dynamic hybrid of sales promotion and advertising is assuming a more important part in the plans of marketers.

Frank Hennessey, vice president of the Newspaper Advertising Bureau, estimates that manufacturers make available no less than $6 billion in co-op funds each year, up from $4 billion in 1978, and results of an exclusive S&MM survey bear him out. The survey, conducted by S&MM research director Elizabeth G. Diederichs, shows that 46% of the respondents are budgeting $500,000 or more for co-op this year. Even allowing for the impact of inflation, this marks a steady increase from 38% in 1979, 32% in 1978, and 26.8% in 1977.

Many marketers, formerly wedded to national advertising, recognize that with the computer it is now possible to monitor the effectiveness of co-op, which is basically a local promotion. Under the typical co-op program, the manufacturer and the retailer share the cost of advertising the product, with the store accruing co-op dollars from the manufacturer based on its purchases of the product. At the Consumer Products Div. of Deere & Co., for example, whenever any of its 3,300 dealers places an ad promoting such things as its garden tractors, chain saws, and snowmobiles the division pays 50% of the total cost. (Although some manufacturers limit the total dollars a dealer may spend, Deere does not.) Of Deere's total budget, it spends 65% in newspapers, 30% in radio, and 5% in TV.

S&MM's survey, based on responses from 134 readers with co-op programs, shows that the percentage of manufacturer co-op dollars actually used by retailers has held remarkably stable since the last survey taken in 1978. Seventy-one percent of the respondents said they spent 50% or more of their budgets last year. One reason that the figure isn't higher may be that some manufacturers really don't want to spend the entire amount. *The Sporting Goods Dealer* recently quoted a marketer as saying that his company had developed a co-op program "to pacify large accounts who put pressure on us for special prices. It's a form of discount. But we don't want everyone to use it, so our conditions are pretty tight."

Co-op money also has a way of getting lost in the recesses of large retail organizations. Ed Crimmins, a well-known authority on co-op and an S&MM contributing editor, recalls one retailer that had accrued over $6 million in co-op funds from various manufacturers yet spent only $900,000. It turned out that buyers at the store rarely told the ad manager about the co-op funds available from suppliers. Instead they

Highlights of S&MM's survey on cooperative advertising

. What is the purpose of your co-op advertising program?

	1980	1979	1978	1977
ld sales for our most profitable product or line	70.9%	66.4%	65.9%	59.5%
unch a new product	44.0	39.6	47.4	37.0
et competitors' efforts	40.3	38.8	42.2	38.2
cede to requests of retailers	40.3	37.3	45.1	43.4
ild sales in a particular region	38.1	32.1	28.9	23.7
ild sales for a weaker product or line	29.9	27.6	30.6	28.9
cede to requests of wholesalers, distributors, etc.	26.1	23.9	19.7	18.5
en out peaks and valleys of demand	12.7	13.4	14.5	13.3
and awareness	2.2	2.2	—	—
her	8.2	7.5	23.7	21.4
answer	4.5	9.0	3.5	12.1

2. What amount of money is made available for co-op advertising?

	% of Respondents			
	1980	1979	1978	1977
$3,000,000 and over	6.7%	5.2%	3.6%	2.3%
$1,000,000–$2,999,999	17.2	15.7	9.5	7.0
$500,000–$999,999	21.7	17.2	18.9	17.5
$200,000–$499,999	20.9	25.4	23.7	19.9
$100,000–$199,999	15.7	14.9	14.8	11.1
Under $100,000	13.4	13.4	26.0	24.0
None	0.7	1.5	0.6	—
No answer	3.7	6.7	2.9	18.2
	100.0%	100.0%	100.0%	100.0%

Multiple answers make totals more than 100%

3. Of the money available, what percentage was used?

% Used	% of Respondents 1979	1977
100%	10.4%	13.5%
75%–99%	33.7	28.7
50%–74%	26.9	28.1
25%–49%	13.4	14.6
10%–24%	8.2	9.4
1%–9%	2.2	4.7
None	0.7	—
No answer	4.5	1.0
	100.0%	100.0%

5. What share of the cost of the cooperative ad do you pay?

	Manufacturer Pays About				
	25%	50%	75%	100%	No Answer
	% of Respondents				
Newspapers	0.7%	57.5%	10.4%	15.7%	15.7%
Catalogues and promotional flyers	3.0	34.3	9.7	14.9	38.1
Radio	0.7	55.2	9.7	11.9	22.4
TV	0.7	47.8	9.7	11.2	30.6
Magazines	1.5	37.3	7.5	12.7	41.0
Other	0.7	14.9	3.0	3.7	77.6

. In which media did you spend your co-op funds?

	Avg. Budget of Companies Reporting	
	1979	1977
wspapers	55.8%	60.6%
talogues and promotional flyers	14.9	13.2
dio	13.6	11.9
	6.8	5.4
igazines	3.1	4.7
ner	5.8	4.2
	100.0%	100.0%

If you used catalogues, what percent (calling catalogue expenditures 100%) was in:

	1979	1977
tail catalogues or flyers distributed by mail	37.6%	53.3%
tail catalogues or flyers distributed in newspapers	34.2	20.1
rect market catalogues or flyers	25.7	24.7
her	2.5	1.9

se: 88 companies that use catalogues

6. Indicate how strict your company's control is in the following areas, and show whether there has been any change.

	Amount of control				In last two years, control has:			
	Strict	Some	Little or none	No answer	Increased	Decreased	Stayed the same	No answer
Selecting the type of media	50.7%	27.6%	17.9%	3.7%	30.6%	3.7%	60.4%	5.2%
Selecting a specific publication or station	6.7	17.2	54.5	21.6	11.2	2.2	63.4	23.1
Determining the creative content of ads	33.6	36.6	19.4	10.4	35.1	1.5	49.3	14.2
Determining the timing of ads	9.0	33.6	48.5	9.0	23.1	0.7	61.9	14.2
Other	1.5	—	0.7	97.8	0.7	—	3.7	95.6

7. Does your company provide training to your field sales representatives in the use of cooperative advertising?

	1979	1977
Yes	73.2%	68.8%
No	26.1	28.9
No answer	0.7	2.3
	100.0%	100.0%

If Yes, is it

Part of training at time of hire	53.1%	64.7%
Special training program for	55.1	45.4
No answer	5.1	11.8
Carried out by your staff	89.8%	90.8%
Done with outside help	3.1	5.0
No answer	10.2	6.7

Base: 98 companies in 1979 that provide training; 119 in 1977. Multiple answers make totals more than 100%

Co-op with class

preferred to convert the allowances into price reductions from manufactuters and add the money to the profit column of the buying department, making that operation look better than it deserved. "Part of the problem with co-op," says Crimmins, "is that it's largely in the hands of two people who traditionally haven't had much use for advertising: the manufacturer's salesperson and a buyer from the store."

Although most manufacturers profess to train their field

8. Do your field sales representatives contact wholesalers, dealers, and retailers about your cooperative advertising programs?

	1979	1977
Yes	91.8%	91.9%
No	6.7	6.4
No answer	1.5	1.7
	100.0%	100.0%

9. Do your field sales representatives work with any media or media groups in connection with your co-op programs?

	1979	1977
Yes	45.5%	43.9%
No	54.5	54.3
No answer	—	1.8
	100.0%	100.0%

10. Has any medium, service organization, or media group helped you set up a co-op advertising program?

	1979	1977
Yes	29.1%	28.3%
No	70.9	71.1
No answer	—	0.6
	100.0%	100.0%

11. How do you feel about your co-op program?

	1979	1977
Fairly well satisfied	61.8%	38.5%
Needs improving	36.4	53.8
We have a long way to go	—	7.7
No answer	1.8	—
	100.0%	100.0%

Base: 55 replies in 1979, 65 in 1977.

Copies of S&MM's Survey

While supplies last, readers may obtain a free copy of the complete 1980 Survey of Cooperative Advertising by writing "Co-Op" on a business card and mailing it to:

CO-OP SURVEY —
c/o Elizabeth G. Diederichs
Research Director
Sales & Marketing Management
633 Third Ave.
New York, NY 10017

Topic A

Do you try to get retailers in an area to pool their co-op allowances?

	1979	1977
Yes	41.0%	35.3%
No	56.8	61.8
No answer	2.2	2.9
	100.0%	100.0%

If Yes, why?

"Low level of accruals often prohibits individual use."

"To afford larger, more dominant ads."

"Better exposure for the $."

"Useful in magazines which cover areas that include several dealers."

"Enables small retailers to use our TV spots with multiple taglines."

"Helps to establish identity of statewide organizations."

If No, why not?

"Dealers prefer exclusive ads to meet specific needs and objectives."

"We seem to sell only to *prima donnas*."

"We leave pooling to the wholesaler or field representative. It's too massive a job for the manufacturer."

"We want control of the program to benefit individual accounts."

"We try not to sell the same merchandise to clients in competitive markets."

"Group advertising is cluttered, confusing, and, because of our unit selling price requirement, probably illegal."

"Too much administrative hassle."

Topic B

Do you have a program to evaluate the effectiveness of your cooperative advertising program?

	1979	1977
Yes	41.0%	37.6%
No	57.5	60.1
No answer	1.5	2.3
	100.0%	100.0%

If Yes, please describe it briefly.

"Very crude."

"Compare sales in co-op vs. non-co-op markets during media-supported promotional activity."

"We survey dealers to whom the program is offered."

"We test market most campaigns and use such techniques as focus groups."

"Our program is tied into our computer system; summary reports are generated monthly, quarterly, and annually."

"The only feedback we get is from our salespeople. They generally know when an ad pulled."

Number 1
in New Jersey

Circulation: 407,844 daily, 574,966 Sunday.

No one else even comes close.

The Star-Ledger

New Jersey's Largest Daily and Sunday Newspaper
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A Newhouse Newspaper

Source: ABC Fas-Fax 3-31-80

Co-op with class

force in the art of co-op, the survey indicates only slight progress in this area. About 73% of those responding have some sort of training program, compared to 69% in 1977. It's worth noting, however, that over 55% of the companies have special programs for the entire sales force, up from 45%.

Much of co-op education these days is done by the media, which feel that such consciousness raising ultimately leads to more ad dollars for them. In the forefront are such groups as the Newspaper Advertising Bureau, Television Bureau of Advertising, Radio Advertising Bureau (RAB), Newspaper Advertising Cooperative Network (NACON), and the Institute of Outdoor Advertising. Individual newspapers and stations also have their own promotional programs. Example: WNCN, a classical music station in New York City, makes it a point to air RAB commercials promoting the use of co-op, presumably because it has a high listenership among advertising and marketing people.

Their efforts seem to be having some effect because an increasing number of manufacturers are building cooperative advertising into their marketing programs. Of the companies responding to the survey, 71% said they used the medium to increase sales of their most profitable product or line, up from 66% a year earlier. There are still many instances where co-op's prime purpose is to meet the requests of retailers, wholesalers, and distributors, and, given the nature of the medium, this is always likely to be so.

However, the survey points up one area where the interests of a manufacturer and his cus-

For further information circle No. 109 on Reader Service Card

Co-op with class

tomers are likely to coincide: Fully 38% of those responding say they use co-op to build sales in a particular region. Such programs, often done via ads in regional magazines or informal groupings of newspapers, can be tailor-made to the needs of statewide distributors or the regional merchandising offices of major retailers.

In some cases, of course, manufacturers join forces with local media to pool the co-op funds built by small dealers so that ads can be bigger or run longer. There appears to be a slight increase in this practice, with 41% of the survey respondents indicating that they try to get retailers to pool their co-op allowances, up from 35.3% in 1977. Why do marketers go to the trouble to encourage group efforts of this sort? "It enables small retailers to use our TV spots with multiple taglines," says one respondent. From another: "It helps to establish the identity of our statewide organizations." On the negative side, one respondent noted, "We want control of the program to benefit individual accounts." Said another, "Our dealers prefer exclusive ads to meet specific needs and objectives." There was also this thundering comment: "Group advertising is cluttered, confusing, and, because of our unit selling requirement, probably illegal."

For some companies and their dealers, pooling provides a level of notoriety that might otherwise be impossible. For example, over 3,000 agents for New York Life Insurance get their pictures in newspapers, magazines, and on TV by pooling the co-op funds provided by the company. Not only do

WHAT SELLS IN THE NORTHWEST?

Fisher Broadcasting knows. For two years, we've been tracking retail buying and selling in the Northwest. Brand names. Share of market. Chief shoppers. Where purchased. Media habits. And more. For all the product categories shown below. And, because the Northwest's leading retailers help us select the categories measured, we know the most about what they want to sell too.

AIRLINES
AUTOMOTIVE
Motor oil
Mufflers
Batteries
Shocks
Tires
General accessories
Tune up parts
Engine parts
Specialized equipment
CHILDREN'S APPAREL
Infant/toddlers
Boys clothing
Girls clothing
Boys/girls shoes
COSMETICS
Facial or skin treatments
Color makeups
Perfume/cologne
DOMESTICS AND LINENS
HOME FURNISHINGS
Furniture
Rugs/carpeting
Floor covering
Draperies/curtains
HOME IMPROVEMENTS
Construction items
Paint
Electrical supplies
Shop tools
Hardware accessories
Wallpaper
Insulation/weatherstripping
JEWELRY
Watches
Fine jewelry
Costume/fashion jewelry
LAWN AND GARDEN
Plants
Outdoor power tools
Fertilizer/chemicals
MAJOR HOUSEHOLD APPLIANCES
MATTRESSES/WATERBEDS
MEN'S APPAREL
Suits
Sport coats
Dress slacks
Top coat/rainwear
Shoes
Active sportswear
Dress shirts
Basic furnishings
Casual pants/jeans
Casual shirt/top
Sweaters
PHOTOGRAPHIC EQUIPMENT
35mm camera
Pocket camera
Photographic accessories
Film
Film processing
SMALL ELECTRIC APPLIANCES
STEREO AND TAPE EQUIPMENT
TELEVISION SETS
WOMEN'S APPAREL
Active sportswear
Sportswear separates
Tops and blouses
Dresses
Jeans
Pants
Shoes/boots
Lingerie and foundations
Coat/jacket
Fashion accessories
Hosiery
Sweaters
Loungewear/sleepwear

WE'D LOVE TO SHARE!

If you're marketing in the Northwest, or seriously planning to do so, fill in the coupon below. Or call us.

☑ YES! I'd like to know more about the way my product moves in the Northwest.

Name_____ Title_____ Company_____

Type of business_____ Address_____ City_____

State/Zip_____ Phone_____

Fisher Broadcasting Inc.
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abc

KOMO Radio and Television
(206) 223-4000

KATU Television
(503) 231-4222

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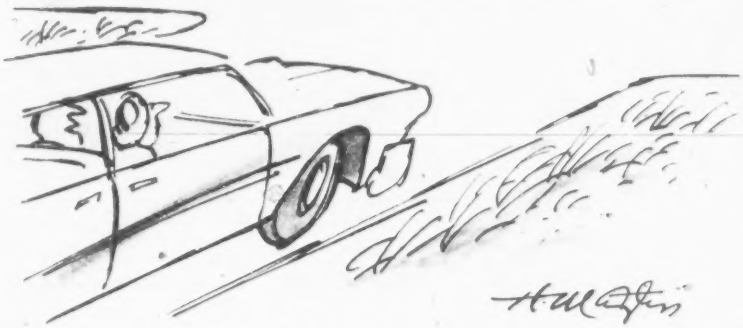
Co-op with class



"Don't you wish all decisions in life were as easy as this?"

Copyright, Sales & Marketing Management

agents get an ego boost from seeing their faces in the pages of *Time*, *Newsweek*, *U.S. News & World Report*, and *Sports Illustrated*, but the home office puts together an unusual followup promotion for them. For a modest fee, it prints up a brochure in the likeness of *Newsweek* with the agent's picture on the cover.

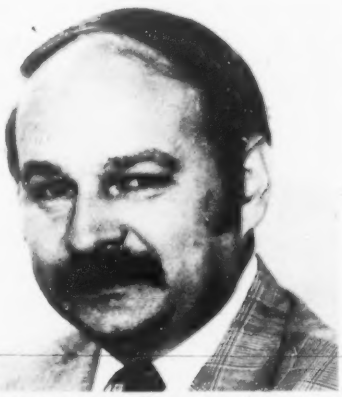
The perpetual struggle for control of co-op is a prime issue between manufacturers and retailers as the medium develops into a sophisticated marketing tool. The survey shows that over half of manufacturers exercise strict control in selecting the type of media for a campaign and 34% keep close tabs on the creative content of the ads as well. About a third of respondents say they have increased control in these areas during the past two years. Some manufacturers are trying to keep a firmer hand on the timing of ads and the selection of specific publications or stations, but these clearly remain

LOOK WHO
Speaks Up IN The New York Times

BRUNO, NEW YORK (RCA WHIRLPOOL)
FRIEDRICH AIR CONDITIONING
NEW YORK LIFE INSURANCE COMPANY
THE PARKER PEN COMPANY
SALTON, INC.

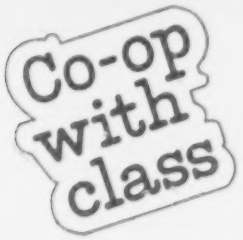
These are just a few of the many distinguished co-op advertisers who are using the pages of The New York Times to tell their story. Whether it's appliances, insurance, products or services, The New York Times delivers the customers your retailers want to have in their stores. If it's co-op, speak up. Just call or write Dick Smith, Manager, Cooperative Advertising.

The New York Times
229 West 43d Street / New York, N.Y. 10036 / (212) 556-1361



DICK SMITH, Manager Cooperative Advertising
The New York Times

For further information circle No. 150 on Reader Service Card



areas where the retailer calls the shots according to his own merchandising objectives.

With the computerization of much co-op data, both retailers and manufacturers are operating less in the dark than before. Manufacturers can monitor co-op accruals at hundreds of dealerships and keep track of how much each one has spent in specific media. Often this is done with the help of third-party auditing firms such as the Advertising Checking Bureau, Pinpoint Marketing, and Advertising Audit & Analysis. The latter, in Indianapolis, specializes in auditing co-op programs in the hardware and home-center business.

S&MM's survey also shows that retailers are capitalizing on co-op in many cases simply by taking it more seriously. Within the past year such chains as Gray Drug and Dart Drug have appointed co-op ad managers to plow through the piles of manufactuer co-op programs and figure out how to take advantage of them. Gray says it now can determine six weeks in advance how much co-op money will be available for an ad.

Dart is now able to pay more attention to merchandise that's backed by co-op money, with the result that this year such funds will cover 50% of its media costs in radio and TV and 35% in prinf. To make sure that it gets all the money it is entitled to, the company affixes to every purchase order a contract showing the co-op dollars accrued.

For their part, manufacturers are taking steps to eliminate the lapse in co-op programs that often occurs from one year to another. At NACON's business meeting in Clearwater, FL, earlier this year, Ralph D'Onofrio, general marketing manager for Pennzoil's Gumout Div., told how on the first of this year the company presented some 2,000 dealers with checks based on their previous year's co-op advertising. In this way, dealers could continue to promote Gumout's line of carburetor cleaners without waiting for co-op dollars to accrue. If a store's sales exceed this "Ad-vance," it is reimbursed with additional funds at the rate of 50¢ per case. Eastman Kodak also provided dealers with up-front funds for 1980 and, in addition, sends monthly reports to keep each store up to date on the status of its co-op allowance throughout the year.

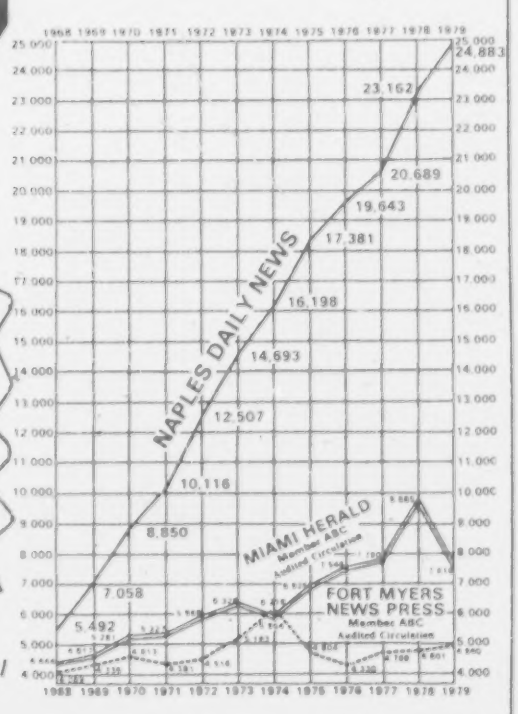
One area where manufacturers have no choice but to get on better terms with retailers is the controversy over using co-

Naples Daily News
NAPLES, FLORIDA

95% Sunday*
84% Daily*

City Zone Coverage

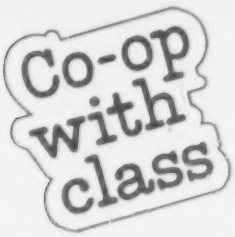
Circulation Comparison*
Collier County, Florida



Call Bob Groff, Nat'l Adver. Mgr. 813-262-3161
1075 Central Avenue, Naples, FL 33940

* Audit Bureau of Circulations, March 31, 1979

For further information circle No. 133 on Reader Service Card



op as a club to enforce "suggested" retail prices. The Justice Dept.'s newly appointed antitrust chief, Sanford M. Litvack, lists as one of his major concerns retail price maintenance, and he mentions the possibility of strong action against manufacturers that try to influence price levels by threatening to withhold a retailers' accrued co-op dollars.

The Federal Trade Commission reportedly is preparing a formal warning on the same subject. The agency has already signalled its concern in recent consent orders against Clinique Laboratories, a New York City cosmetics marketer, and Darvel, Inc., a jeans maker in Bellgarden, CA. Both, while admitting no violations, pledged to keep hands off retail pricing. Indeed, Darvel agreed to refrain for a year from suggesting resale prices at all. After that, any of its communications containing suggested retail prices must also state that, "you are free to determine your own prices."

Despite the increasing sophistication of co-op techniques, marketers still have a long way to go in measuring the effectiveness of the medium. Only 41% of those responding to S&MM's survey have an evaluation program. That's a slight increase from 38% in 1977 but still casual in view of the large number of dollars involved. Marketers who have evaluation programs were asked to evaluate them. Their replies ranged all the way from "very crude" to, "Our program is tied into our computer system; summary reports are generated monthly, quarterly, and annually."

Although evaluation of co-op hasn't caught on in a big way, something else seems to be working. For, among those that evaluate their programs, there is a marked improvement in how they feel about the results. Nearly 62% say they are "Fairly well satisfied," com-

Tampa Bay... Third Fastest Growing Major Metro Market In The U.S.

PHOENIX

HOUSTON

TAMPA BAY

☆ THE TAMPA BAY MARKET . . .

is comprised of Hillsborough, Pasco and Pinellas Counties, the heart of Florida's Gulf Coast.

The Quality Buy

- ☐ Tampa Bay is the fastest growing metro market in Florida!
- ☐ Tampa Bay is the fastest growing metro market in the Southeast ... ahead of Miami and Atlanta!
- ☐ Tampa Bay is the third fastest growing major metro market in the U.S. . . . behind Phoenix and Houston! Not bad company!

Advertisers reach this "hot" Tampa Bay Market in The Tampa Tribune and Times at the lowest national line rate of all Florida major metro newspapers.

THE TAMPA TRIBUNE — Morning and Sunday

The Tampa Times — Evening and Sunday

Contact:
Byron Taggart, General Advertising Manager
Tampa Tribune-Times, P.O. Box 191
Tampa, Florida 33601 (813) 272-7447

Source
S&MM Survey of Buying Power, July, 1979

Media General Newspapers
Represented by Sawyer-Ferguson-Walker

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CO-OP AUDITING

"We never had a co-op claim processed so quickly. We are very pleased."
Dealer: Hackensack, NJ

"Try to get more photo industry vendors to switch over to your service."
Dealer: Glastonbury, CT

PMI

Program Marketing, Inc. 1790 Broadway, New York, 10019
The only 100% computerized audit & payment service.
Call Art Schenker (212) 245-6600

Circle No. 152 on Reader Service Card

It's a great Co-op Program. Next question is, how do we get our dealers to use it?

Call Al Larranaga at the San Diego Union-Tribune. If it takes dealer explanations, he'll make them. If it takes dealer seminars he'll run them. If it takes dealer layouts and copy, he'll furnish them. The point is, he's close to the market and he has the time and staff to work with your dealers to make co-op easy. His free book: **The Joy of Co-op** explains how far the Union-Tribune is willing to go to make your program a towering success. Ask for it today.

NACON

The San Diego Union
The Evening Tribune

P.O. Box 191, San Diego, CA 92112
(714) 299-3131

Represented Nationally by
Sawyer-Ferguson-Walker

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Co-op with class

pared to 39% in 1977. The proportion who checked "Needs improving" dropped to 36% from 54%.

Such trends reflect an increasing acceptance of cooperative advertising that is taking place on a number of fronts. Examples: Thanks to airline deregulation (S&MM, Dec. 10, 1979), Pan Am has taken the lead in putting together co-op programs for travel agents. In consumer electronics, Texas Instruments, a relative newcomer to co-op, has separate programs for its calculators, watches, and personal computers. With high-spending marketers of this sort in the picture, co-op clearly is going places. S&MM

S&MM QUOTES

We're gonna go on the air June 1 and we're gonna stay on until the end of the world. When that comes, we'll cover it, play 'Nearer My God to Thee,' and sign off.

—Ted Turner (winner of S&MM's Special Citation award this year) quoted in the *Wall St. Journal* in an article on his 24-hour-a-day, all-news Cable News Network.

Q: What can you give that most everyone will appreciate?

A: The VISE-GRIP GIFT SET.

Your customers should recognize and value the VISE-GRIP Gift Set. Network television commercials and national magazine ads have shown just how useful these versatile locking pliers can be.

So write for our Premium Price List. Get the facts on the Gift Set and all our other locking hand tools.

VISE-GRIP
The secret is quality.

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P-80-1

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CO-OP AUDITING

"My claim was paid faster than any other watch company."
Dealer: Topeka, KS

"Your efficiency is rare."
Dealer: Orlando, FL

PMi

Pinpoint Marketing, Inc. 1790 Broadway, New York, 10019
The only 100% computerized audit & payment service
Call Art Scherwin (212) 245-6600

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S&MM
SALES & MARKETING MANAGEMENT
JULY 28 1980
A BILL PUBLICATION
FIFTY DOLLARS

1980 SURVEY OF BUYING POWER

12/6/80 C 1200-1 U

Featuring Population, Effective Buying Income, And Retail Sales of U.S. Markets

Section A. S&MM's Markets Guide

A new format that helps the marketer plan more efficiently

DEMOMARKET

Part 1 deals with the demographic markets that are the focal points of the marketer's objectives

GEOMARKET

Part 2 shows how the Survey's information helps build successful sales strategies in geographic markets

Section B. National and Regional Summaries, Market Rankings

Section C. Metro Area, County, and City Data Listed by States

Section D. Canada

SM1368835 1280 0031263516X401A
CONGRESSIONAL INFO SVCS ***
S R I ACQUISITIONS ***
7101 WISCONSIN AVE
WASHINGTON DC 20014

COMING OCT. 27
SURVEY OF
BUYING POWER—PART II

Analysis of changes in metropolitan markets.
Five-year projections of U.S., Canadian metropolitan markets.
Newspaper markets.
TV markets.
Merchandise line sales.
Errata: Corrections of mistakes, if any, in the *Survey of Buying Power*.

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A different kind of discount from a different kind of magazine.

Ladies' Home Journal's Bonus Page Discount

When we say Ladies' Home Journal is a different kind of magazine, we're referring to what's in it. And to what's in it for you.

In addition to all the other good reasons to advertise in the Journal, we're now offering a unique, new Bonus Page Discount. Here's how it works: When you buy three or more pages in a contract year, you earn our Volume Discount. If you decide to convert those earnings into space that contract year instead of taking it in cash, we'll give you 25% more on the discount you've earned, in space, as a bonus. For instance:

EXAMPLE:

12 Page Advertiser

Open Page Rate
$44,600

M.I.D.* Discount
10%
$4,460
(Discounted Dollars per page)
$40,140
(Net Page Rate)

Total Discounted Dollars Earned
(12 x $4,460) = $53,520

Our Bonus (+ 25%) on Discounted Dollars Earned
($53,520 X 1.25) $66,900
equals 1.66 four color pages

*Multiple Impression Discount

Of course, we still have our Loyalty Discount, which is progressive as space purchased grows, and a Seasonal Discount for those who advertise in January, July and/or August. Ask your Journal Representative for details.

It's the Bonus Page Discount we wanted to explain, because we believe there's nothing like it in publishing in this country today. Where do you find it? Only in Ladies' Home Journal.

Ladies' Home Journal.

Once again, it's a different kind of magazine.

LHJ Publishing Inc. A Member of the Charter Media Publishing Group

Data in this *Survey of Buying Power* are organized into four sections. The black index tabs along the right-hand edge of the book provide easy access to each section.

Section A

A new look brightens this Survey's usefulness

Change, the eternal verity of the marketplace, has as much meaning for Sales & Marketing Management's annual *Survey of Buying Power* as it does for the marketer who relies on the *Survey* to keep abreast of the changes that impact his planning, decision-making, and evaluating. Just as the markets that serve as the focal points of sales strategies are in a constant state of flux, so do the marketers' own informational needs shift from time to time. Recognizing this never-ending pattern, the *Survey* always seeks new ways to tailor its relevant, timely, and actionable data to the decision-making and problem-solving needs of its users.

Along that line, Section A in the *1980 Survey* has been redesigned to answer the marketers' greater need for market information in two distinct categories. The first part is devoted to national-level demographic and socioeconomic markets that must be considered in the formulation of short- and long-term goals. The second part pivots around geographic markets—counties, metros, states, and regions—which influence the selection of selling tactics that will convert those goals into bottom-line results as well as match specific products or services to particular markets.

The first part of Section A, c[illegible]lling information from outsi[illegible] sources, brings an added dim[illegible]ension to the *Survey*'s basic data by pinpointing markets that may be appropriate sales targets for particular products or services. The tables and charts summarize the salient characteristics of such markets, their size, and, where possible, potential for future growth. Among the markets so discussed are: (1) age segments, (2) income classes, (3) household types, and (4) ethnic groups.

Section A's second part, focussing on the geographical factors that are integral elements of sales strategies, zeroes in on the *Survey*'s three basic dynamics—population (who will buy), Effective Buying Income (what they have to spend), and retail store sales (where they buy). Included are *GeoMarket Highlights*, which rank metropolitan markets and states for such factors as population gains or losses, household income, retail store sales, and local and regional trends.

Together, the two segments of Section A heighten the usefulness of the statistics that appear in Sections B and C. By bringing additional insights to bear, Section A gives the marketer the opportunity to employ the statistics with greater finesse, expand their applications into more areas, and augment the payoff that ensues when the distance between information and action is successfully bridged.

THE EDITORS

The U.S. market: 1979

	Totals 1979	*% Change 1977–79*	*Annual % Change 1970–79*
Population	**221,582,400**	**+ 1.7%**	**+ 1.0%**
Households	**78,253,200**	**+ 4.0**	**+ 2.6**
			1971–79[1]
Effective Buying Income ($000)	**$1,618,642,884**	**+24.2**	**+10.3**
Median EBI per household	17,924	+19.4	+ 9.8
Average EBI per household	20,685	+19.4	+ 7.8
			1977–79[2]
Total retail store sales ($000)	**887,518,635**	**+22.7**	**+10.8**
Food stores ($000)	195,710,430	+23.9	+11.3
Automotive ($000)	175,507,794	+17.0	+ 8.2
General merchandise ($000)	112,400,231	+19.6	+ 9.4
Eating & drinking places ($000)	76,750,667	+21.3	+10.1
Furniture–home furnishings–appliances ($000)	40,823,402	+23.0	+10.9
Drugstores ($000)	28,667,734	+23.0	+11.2

[1]1971 is used as the base period for Effective Buying Income because that is the year new income data from the 1970 Census were included in the *Survey of Buying Power* statistics.
[2]1977 is used as the base period for retail store sales because the Census of Retail Trade was conducted in that year.
Source: Sales & Marketing Management's *1980 Survey of Buying Power*. Further reproduction strictly prohibited.
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Markets that marketers pursue are a changin'

The proliferation of demographic segments gives marketers a bewildering array of sales targets. But failure can come quickly unless planning keeps the marketer one step ahead of important trends, such as a changing age-mix, fragmented households, population movement, and the "new woman."

By THAYER C. TAYLOR
Editorial Director
Survey of Buying Power

"Sometime in the 1970s, the longest period of continuity in economic history came to an end," says Peter Drucker, "and we moved into turbulence." Marketers, however, have been caught up in turbulence for the past 30 years as the postwar baby boom created challenge after challenge. Mass markets were created for playpens, tricycles, and books on "how to raise baby" in the 1950s; hot rods and hi-fi sets in the 1960s; and, in the 1970s, big-ticket durables and leisure-time products. At the same time, new life-styles surfaced, creating entirely new consumer needs and desires.

The postwar generation, as it created mass markets, helped by the new electronic media and a vastly expanded, affluent middle class, was not a homogenous, monolithic market but, instead, a mosaic of individual segments, each with its own distinctive demographic traits. As a result, market planning and strategy became precision-oriented so that marketers could reach specific demographic markets—such as age groups, household types, or income classes.

Monitoring demographic markets is an essential first step in market planning if a company's products and services are to be geared to those markets. Also, because demographic markets grow at widely disparate rates, the marketer wants to be positioned to exploit the fast-steppers and avoid the laggards. The number of demographic markets that a marketer can set his sights on can be limitless, depending upon how fine he wants to dissect the national population. Here are today's key demographic markets that a marketer should focus his planning on:

- **Changing age mix**, with middle-agers moving to center stage, ending an era of youth-oriented marketing.
- **Population mobility**, with nonmetro areas outpacing metro markets for the first time, the Sunbelt becoming the new focal point of population growth, and the suburbs' "whites only" image beginning to change.
- **Fragmentation of household types**, reflecting new social values and interpersonal relationships.
- **Working women**, considered by many to be the most "transforming phenomenon" to hit the marketplace in this century.

Two premier postwar trends—first a record number of births through the late 1950s, peaking at 4.3 million in 1959; second, the subsequent downslide in fertility rates (live births per 1,000 women aged 18–44) to record lows—skewed the population's age-mix. In the 1970s, the number of children under 14 tumbled

Household income groups by locality

The U.S. market . . .

Households by EBI Groups	1979	% Change 1975–79
Total	**78,253,200**	**+ 7.9%**
Under $3,000	5,763,115	– 26.9
$3,000–$4,999	4,483,435	– 20.3
$5,000–$7,999	6,361,413	– 21.9
$8,000–$9,999	4,181,042	– 28.3
$10,000–$14,999	11,261,631	– 27.4
$15,000–$24,999	23,111,814	+ 11.7
$25,000–$49,999	20,097,097	+156.9
$50,000 and over	2,993,653	+194.8

Note: Details may not add to totals due to rounding.
Source: *1980 Survey of Buying Power Data Service.*

. . . Metro vs. nonmetro . . .

	Metro 1979	Nonmetro 1979
Total households	**58,944,400**	**19,308,800**
	— % of Total —	
Under $3,000	6.44%	10.18%
$3,000–$4,999	4.99	8.00
$5,000–$7,999	7.28	10.72
$8,000–$9,999	4.90	6.71
$10,000–$14,999	13.60	16.81
$15,000–$24,999	30.00	28.11
$25,000–$49,999	28.40	17.40
$50,000 and over	4.40	2.07

. . . and central city vs. suburb

	Central City 1979	Suburb 1979
Total households	**25,909,900**	**33,034,500**
	— % of Total —	
Under $3,000	7.91%	5.29%
$3,000–$4,999	6.04	4.16
$5,000–$7,999	8.69	6.17
$8,000–$9,999	5.77	4.21
$10,000–$14,999	15.22	12.33
$15,000–$24,999	28.77	30.96
$25,000–$49,999	23.89	31.93
$50,000 and over	3.71	4.95

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14% while 25–34 year olds exploded by 39%. As a result, the median age of the population rose more than two full years, to 30.2, an ironic epilogue to the once often heard "Don't trust anyone over 30."

This makes the 1980s a spectrum of sales opportunities for marketers because the middle-aged group, 35–54, will be the fastest growing demographic market (see the S&MM Special Report, *The Marketer's Complete Guide to the 1980s*, Dec. 10, 1979). Reasons: most Americans reach the peak of their earning capabilities during this age span, and many 35–54 year olds are part of a new demographic phenomenon: the two-paycheck couple. Considering that middle-aged households spend about one-third more than the typical family, marketers who sell to them should enjoy faster rising sales in this decade even though the overall economy is generally expected to grow at a slower pace than in the last decade.

Another age market to watch is senior citizens, 65 and older, whose numbers grew 24% in the last decade and will increase another 20% in the current one. While many flee to sunny climes and a life of leisure, that may change. As George Brown, secretary of the Conference Board notes, the speed with which Congress passed legislation last year prohibiting mandatory retirement at 65 "signals the start of a new trend, creating new sources of economic growth and new markets for products and services."

The knottiest demographic issue in the 1980s is whether another—but smaller—baby boom will develop. Many point to the large number of women born between 1947 and 1959; they argue that as these potential mothers move into their prime child-bearing years an "echo" effect of the earlier baby boom will happen. Indeed, the Census Bureau expects births to average 3,945,000 each year of this decade, about 20% high-

Two ways of looking at household buying power

Median EBI per household

	1974	1975	1976	1977	1978	1979
Current $	$11,890	$12,824	$13,781	$15,016	$16,231	$17,924
1972 $	$10,171	$10,146	$10,377	$10,695	$10,821	$10,976

Sources: *Sales & Marketing Management's 1980 Survey of Buying Power*; Bureau of Economic Analysis, *Survey of Current Business*; Joint Economic Committee, *Monthly Economic Indicators*; Council of Economic Advisers, *1980 Economic Report of the President*.
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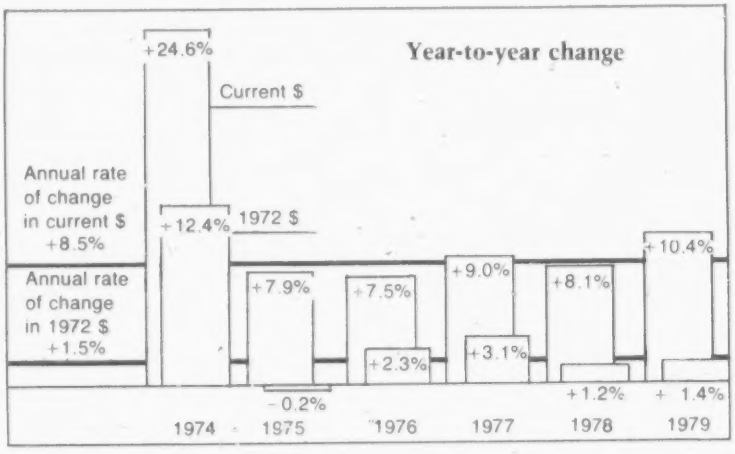

Record employment helped lift median Effective Buying Income per household a robust 10.4% in 1979, the best year-to-year improvement since 1974. However, the gain was an illusory one. When inflated dollars are washed out of the EBI figure, the real gain—in terms of 1972 $—was a wispy 1.4%. That was slightly better than the previous year's increase, but, nevertheless, below the long-term trend.

In calculating "real" EBI, Sales & Marketing Management eschews using the Consumer Price Index that most economists generally rely on to get a fix on deflated income levels; instead, S&MM uses the current and 1972 dollar estimates the Bureau of Economic Analysis develops for per capita disposable income as part of its National Income and Product Accounts system. Here, S&MM divides the current dollar figure by the 1972 dollar equivalent to arrive at an income deflator. In turn, the EBI estimate is divided by the deflator to generate a 1972 dollar equivalent.

One-parent families: More than 10 million strong

Totals by sex . . .

	1979 (000)	% Increase 1970–79
Men	1,655	+33.6%
Women	8,458	+51.3

. . . and how the mix has changed

	Men		Women	
	1979	1970	1979	1970
	—% of total by sex—			
Married, spouse absent	15.2%	16.0%	20.9%	23.7%
Never married	33.8	34.3	16.7	10.9
Widowed	23.2	34.1	29.1	42.9
Divorced	27.8	15.7	33.2	22.5
With own children under 18	34.4	27.8	62.5	52.3

Note: Details may not add to 100% due to rounding.
Source: Census Bureau, *Marital Status and Living Arrangements*, Series P-20, No. 349.
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